

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, March 25, 1998

CONSTRUCTION MANAGEMENT POLICY

PURPOSE OF REPORT

To recommend increased funding for certain projects utilizing the services of construction management.

DESCRIPTION

On November 30, 1994, the State Allocation Board (SAB) adopted a revised Construction Management (CM) policy which provided that the maximum CM fee and the allowable general conditions were calculated on the building cost portion of the project. The building cost portion [i.e., building allowance] for a project does not include service site, off-site or general site developments, utilities, unconventional energy, educational technology or any other "line item" allowance provided by the SAB as a result of unique construction features in the project. The total construction allowance for a project is the sum of all the "line item" allowances plus the building allowance.

The Office of Public School Construction (OPSC) is aware that there were misunderstandings regarding the calculation of the fees as many CM firms and school districts believed that the CM fee was calculated on the total construction allowance or the sum of all construction contracts, not just the building cost portion of the project as required in the policy.

To assure that districts are not financially disadvantaged as a result of a SAB policy that may have been misunderstood, the SAB Implementation Committee and the OPSC support additional funding for CM contracts entered into for projects funded for Phase C, with Proposition 203 funds, where it is clear from the contract and approved cost estimate that the district used a different calculation for the fee, albeit in error.

RECOMMENDATIONS

1. Stipulate that additional funding will be provided for CM fees, subject to the following:
 - The project is for new construction and was funded for Phase C from Proposition 203 funds.
 - The additional CM fees requested are a result of misunderstandings in the CM policy as outlined in this report.
 - The additional fees requested are supported by the original contract and supporting cost estimates.
 - The additional CM fees are subject to all other provisions of the existing CM policy.
2. Provide that any increase in funding for CM fees as a result of this report will be placed on the change order "unfunded approval" list for subsequent funding consideration.

BOARD ACTION

In considering this Item, the Board did not take action on the OPSC's Recommendations. The Board directed:

1. OPSC to advise all districts they have 45 days to submit specific information regarding requests for increased construction management (CM) fees as a result of misunderstandings of the Board's CM policy. The affected projects must have been funded for Phase C from Proposition 203 funds.
2. OPSC to analyze the submitted information and prepare a report for SAB consideration at the June 1998 SAB meeting.
3. OPSC to determine who is in control of the plans and specifications of a project when the district employs the services of both an Architect and a CM firm for the project. OPSC to report on this at the June 1998 SAB meeting.